

## Message Text

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ACTION STR-07

INFO OCT-01 STRE-00 IO-13 AF-10 ARA-10 EA-10 EUR-12  
NEA-10 ISO-00 OIC-02 AGRE-00 CEA-01 CIAE-00  
COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10 INT-05  
L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05  
SS-15 ITC-01 TRSE-00 USIA-06 SP-02 SOE-02 OMB-01  
DOE-11 DOEE-00 SSO-00 /159 W  
-----035456 091704Z /41

P 091637Z MAR 78  
FM USMISSION GENEVA  
TO SECSTATE WASHDC PRIORITY 6990  
INFO AMEMBASSY BRUSSELS  
AMEMBASSY OTTAWA  
AMEMBASSY TOKYO

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USMTN USEEC

ACTION STR FOR MATTHEISEN  
STR PASS CODEL

E.O. 11652 N/A  
TAGS: ETRD, MTN, JA, CA  
SUBJECT: PLURILATERAL SAFEGUARDS MEETING, MARCH 7

REF: GENEVA 3381, 3084, 2538

1. SUMMARY: FOURTH MEETING OF KEY DC MTN DELS, MARCH 7,  
COVERING REMAINING AGENDA TOPICS AND FOCUSING PRIMARILY  
ON NEW CANADIAN CONSULTATION/DISPUTE SETTLEMENT TEXT,  
MARKED END OF "PHASE I" OF INFORMAL SAFEGUARDS TEXT  
BUILDING EXERCISE. "PHASE II" WILL KICK OFF WITH MOST  
OF WEEK OF MARCH 20 DEVOTED TO COLLAPSING AND CONSOLIDAT-  
ING EXISTING TEXTS INTO SINGLE NEGOTIATING DOCUMENT  
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ON "BEST EFFORTS" BASIS. END SUMMARY.

2. WE MET WITH KEY MTN DELS (EC, JAPAN, CANADA, SWITZER-  
LAND, NORDICS, AUSTRALIA), MARCH 7, AT SWEDISH MISSION  
TO CONSIDER TEXTS ON REMAINING AGENDA TOPICS (SURVEIL-  
LANCE/DISPUTE SETTLEMENT, DOMESTIC PROCEDURES, AND "OTHER"  
--E.G., EXISTING MEASURES PHASEOUT)--AND FOR INTRODUC-

TION TO NEW CANADIAN TEXT ON NOTIFICATION/CONSULTATION/  
SURVEILLANCE/DISPUTE SETTLEMENT/RETALIATION/COMPENSATION.

3. LATTER (9-PAGE DOCUMENT), WHICH OCCUPIED BULK OF MEETING TIME, REFLECTS NOW-FAMILIAR CANADIAN APPROACH TO DISPUTE SETTLEMENT BUT WITH SOME NEW WRINKLES, INCLUDING DROPPING INSISTENCE THAT DISPUTE SETTLEMENT PANEL BE LIMITED TO NON-GOVERNMENTAL MEMBERS, SENDING PANEL RECOMMENDATIONS ONLY TO COMMITTEE (NOT DIRECTLY TO DISPUTANTS), AND NOT LIMITING CONSULTATIONS TO SPECIFIC TIME PERIOD. ON RETALIATION/COMPENSATION, CANADIANS PROPOSE TWO-TIER APPROACH LIMITING RETALIATION TO ACTUAL EXPORT TRADE DAMAGE WHEN EXPORTER FINDS CODE CONDITIONS AND CRITERIA SATISFIED, BUT PERMITTING FULL XIX:3(A) "SUBSTANTIALLY EQUIVALENT" RETALIATION WHEN CONDITIONS NOT MET. WE NOTED DIFFICULTY IN DISTINGUISHING BETWEEN THESE APPROACHES IN PRACTICE, AND CANADA, CITING HORTICULTURAL CASE HISTORY, SAID POINT IS TO LIMIT RETALIATION WHERE SAFEGUARD MEASURE DOESN'T ADVERSELY IMPACT TRADE PATTERNS. WE RESPONDED THAT SINCE CANADIAN MEASURES ON HORTICULTURE ARE TYPICALLY TAKEN IN ANTICIPATION OF INCREASED TRADE FLOW, THEY COULD HAVE ADVERSE EFFECT ON TRADE WHICH WOULD OTHERWISE OCCUR AND THIS COULD MAKE TRADE DAMAGE AND "SUBSTANTIALLY EQUIVALENT CONCESSIONS" CONCEPTS ALMOST THE SAME. BOTH U.S. AND EC MADE POINT THAT INCENTIVE FOR PARTIES TO COMPLY WITH CODE CONDITIONS LIMITED OFFICIAL USE

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AND TO CONSULT AND REACH AGREEMENT IS WEAKENED IF, AS PROPOSED, EXPORTER INSISTS ON RETALIATING EVEN IF HE AGREES ALL CODE CONDITIONS SATISFIED.

4. INTERESTING INNOVATION IN CANADIAN PROPOSAL, DESIGNED TO BRIDGE ARGUMENT OVER WHETHER GATT-INTERPRETATIVE CODE SHOULD HAVE SELF-CONTAINED DISPUTES PROCEDURE OR LEAVE TO ARTICLE XXIII (THUS INVOLVING NON-SIGNATORIES IN SETTLING CODE ARGUMENTS), IS PROVISION FOR CPS TO CONFER ON SAFEGUARD COMMITTEE THEIR FUNCTIONS UNDER ARTICLES XIX, XXII, AND XXIII FOR MATTERS COVERED BY CODE INVOLVING ONLY CODE SIGNATORIES. WE COMMENTED THIS QUESTION RELEVANT TO SEVERAL CODES AND THAT CANADIAN SUGGESTION MIGHT WELL BE BEST WAY OUT.

5. ON DOMESTIC PROCEDURES, U.S. STRESSED ONCE AGAIN ITS PROPOSAL DOESN'T ENVISAGE REPLICATING USITC IN OTHER COUNTRIES, BUT RATHER PROVIDING BASIC GUIDELINES FOR TRANSPARENCY WHICH COULD BE ADAPTED TO INDIVIDUAL COUNTRY SETTINGS. TOPIC 8 (OTHER PROVISIONS) DREW LITTLE COMMENT. U.S. STRESSED IMPORTANCE OF TRANSITIONAL ARRANGEMENTS TO DEAL WITH EXISTING MEASURES INCONSISTENT

WITH NEW RULES, WHILE NOTING THAT OUR TEXT COULD BE  
CONSIDERED ILLUSTRATIVE. AS SEPARATE MATTER, AND  
REFERENCING ITS PROBLEM OF SAFEGUARD ACTIONS INVOLVING  
EAST EUROPEAN COUNTRIES, EC ASKED DELS TO THINK ABOUT  
"ARTICLE XXXV" TYPE PROVISION IN SAFEGUARDS AGREEMENT  
PERMITTING NON-APPLICATION AS BETWEEN INDIVIDUAL SIGNA-  
TORIES. WE SAID FIRST ARTICLE OF US-EC TEXT WAS  
INTENDED TO COVER THAT PROBLEM BY REFERENCE TO "PROTO-  
COLS" BUT EC INSISTED STRONGER PROVISION REQUIRED  
SINCE IT COULD ALSO BE MATTER OF EAST EUROPEANS ACTING  
AGAINST EC.

6. LOOKING TO FUTURE, SWITZERLAND SAID IT EXPECTS TO  
DISTRIBUTE GENERAL PAPER ON DISPUTE SETTLEMENT THIS WEEK  
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ACTION STR-07

INFO OCT-01 STRE-00 ISO-00 IO-13 AF-10 ARA-10 EA-10  
EUR-12 NEA-10 OIC-02 AGRE-00 CEA-01 CIAE-00  
COME-00 DODE-00 EB-08 FRB-03 H-01 INR-10 INT-05  
L-03 LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05  
SS-15 ITC-01 TRSE-00 USIA-06 SP-02 SOE-02 OMB-01  
DOE-11 DOEE-00 SSO-00 /159 W  
-----035491 091703Z /41

P 091637Z MAR 78  
FM USMISSION GENEVA  
TO SECSTATE WASHDC PRIORITY 6991  
INFO AMEMBASSY BRUSSELS  
AMEMBASSY OTTAWA  
AMEMBASSY TOKYO

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USMTN USEEC

ACTION STR FOR MATTHEISEN

STR PASS CODEL

AND FORECAST SPECIFIC TEXT ON SAFEGUARDS EARLY NEXT WEEK. CANADA DISTRIBUTED PRE-KENNEDY ROUND INFORMAL PROPOSAL BY FORMER DG ERIC WYNDHAM-WHITE ON SELECTIVITY WHICH DISCUSSES IN SOME DETAIL CONDITIONS AND PROCEDURES ATTENDING ITS USE; CANADIAN DEL CAREFULLY DISAVOWED ANY SUPPORT OF PROPOSAL BUT OFFERED IT AS AID TO "TECHNICAL" DISCUSSION OF SELECTIVITY QUESTION. ON FURTHER WORK PROGRAM, U.S. UNDERTOOK TO PREPARE "SYNOPTIC TABLE" OF ALL TEXTS SO FAR DISCUSSED AND PROPOSED RECESS OF GROUP TILL WEEK OF MARCH 20 FOR REVIEW AND SMALLER CONSULTATIONS. DELS WOULD THEN MEET DURING MOST OF WEEK OF MARCH 20 FOR "BEST EFFORTS" ATTEMPT TO BOIL DOWN INDIVIDUAL TEXTS LIMITED OFFICIAL USE

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INTO SINGLE DOCUMENT WITH BRACKETS, ALTERNATIVES, ETC., AS NECESSARY. REACTION TO THIS WAS LUKEWARM ACCEPTANCE ON CONDITION THAT OLD CAVEATS CONTINUE TO APPLY (VIZ., NO COMMITMENTS AND NO ATTRIBUTION). SESSIONS WILL OPEN AT SWISS DEL, MARCH 20, 10:00 A.M.

7. DRAFTED BY ADDUCI/HARTZELL. CULBERT

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## Message Attributes

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**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TRADE, SAFETY, MEETINGS  
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**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
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**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
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**Disposition History:** n/a  
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**Disposition Remarks:**  
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**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
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**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**Review Exemptions:** n/a  
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**Review Release Event:** n/a  
**Review Transfer Date:**  
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**Status:** NATIVE  
**Subject:** PLURILATERAL SAFEGUARDS MEETING, MARCH 7  
**TAGS:** ETRD, JA, CA, MTN  
**To:** STATE  
**Type:** TE  
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**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
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**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014